

MEETING MINUTES OF THE COOK COUNTY LAND BANK AUTHORITY FINANCE COMMITTEE

March 22, 2018

Finance Committee of the Cook County Land Bank Authority met pursuant to notice on March 22, 2018 at 9:00 AM at the Cook County Administration Building, 69 West Washington, 22nd Floor, Suite "B" Chicago, Illinois 60602

I. Call to Order and Roll Call

Committee Chair Holmes called the meeting of the Finance Committee to order.

Present: Directors Holmes, Ostenburg, Smith (3)

Absent: Sherwin (1)

Also Present: Robert Rose (*CCLBA Executive Director*), Cassidy Harper (*CCLBA Business Manager*)

Other Present: Bob Benjamin (Cook County Treasurer's Office), Natasha M. Cornog (Cook County Land Bank Authority), Darlene Dugo (Cook County Land Bank Authority) Bryan Esenberg (City of Chicago, Department of Planning and Development)

II. Public Speakers

Committee Chair Holmes noted there were no registered public speakers.

III. Finance Report (Cassidy Harper)

CCLBA's Business Manager, Cassidy Harper, presented CCLBA's first quarter FY18 finance report covering the period December 1, 2017 through February 28, 2018, FY16 Audit Status, Current Programs and Anticipated Revenue, FY18 Revenue covered by Month, Total Revenue for FY18 in comparison QYTD, Total Revenue by Type, and CCLF Line of Credit. Business Manager, Harper informed the committee that the quarterly monthly report was not available, Cook County was doing maintenance on the system that normally generates this report.

Chairman Holmes: What is the new system that Cook County is utilizing? BM, Harper: Oracle. It is an EBS system; that has two different modules: one is business intelligence used for Accounts Payable and the other module handles HR and Payroll.

Chairman Holmes: Was there any pretesting performed to prepare for the audit: BM, Harper: Pretesting was done and CCLBA is ahead of track from last year.

FY17 Audit Status

CCLBA had a conference with Washington, Pittman and McKeever, contact Angela Allen to discuss a plan to make for a smoother process; part of the challenge is CCLBA must wait for the



County to close out this audit to give CCLBA access to information needed. CCLBA has completed inventory and anticipates fieldwork to begin in April.

Current Programs and Anticipated Revenue

CCLBA currently has three main operating programs:

- 1) <u>Abandoned Property Program (APP)</u> CCLBA participated in the first round. This program was very successful in helping CCLBA to perform demolitions. CCLBA was awarded round two which required a \$250,000 match. CCLBA has expended \$204,000 of round two; the bulk of the expenses remaining under round two are reimbursable. CCLBA has received approval of a forthcoming award of \$250,000 for round three.
- 2) <u>Blight Reduction Program</u> CCLBA is currently in between rounds. CCLBA is finishing up round one. Round two begin with municipalities. QYTD we have been reimbursed approximately \$500,000; with around \$250,000 of pending reimbursements.

APP program is a broader program; this program allows for single-family homes within qualifying communities to be demolished and CCLBA gets reimbursed. Whereas, the Blight Reduction Program is more targeted; there is a triparty agreement between CCLBA, Municipality and IHDA.

Director Ostenburg: Does the abandonment process apply to CCLBA the same way it does municipalities? ED, Rose: The municipality goes through the abandonment process; CCLBA rides alongside and ultimately the municipality signs the property over to CCLBA.

3) <u>Riverside Lawn Strategic Buyout Program</u> – This is a voluntary buyout program offered to 46 homeowners because their homes are in a flood zone. CCLBA has acquired 20 homes to date; one offer was accepted with Officer of Public Guardian (OPC). Nine (9) demolitions have been completed of the 20 homes acquired. Half of the remaining homeowners are starting to reconsider the offer after seeing the activity taking place.

Chairman Holmes: What is plan B for the individuals that do not accept the offer? ED, Rose: there is no plan B. Monies have been set aside from FEMA, MWRD, and HUD to help to buy these homes so the homeowners can relocate. This is a voluntary program, if the homeowner decline, it's their choice.

Director Smith: Will the CCLBA own the property? For the homes that have been demolished; currently the land has been seeded and the end game is for CCLBA to convey the land to Forest Preserve.

Chairman Holmes: What is the deadline for the last homeowner to accept an offer? BM, Harper: There is no deadline on the offer, however the demolition work must be completed by July, 2019.



Revenue Collected by Month

The chart reflects that the revenue collect in February is low. February is a short month coupled with the County's holiday along with coming off of the Christmas holidays fewer closing take place. Revenue normally picks up in March. For March, CCLBA has already collected as much money as in February.

Total Revenue by Fiscal Year

This chart reflects total revenue by year since CCLBA's existence. 2014 – 2016 are audited numbers:

- 2014 = \$2,805,022
- 2015 = \$ 4,497,161
- 2016 = \$13,725,005
- 2017 = \$16,285.292
- 2018 =\$ 2,539,628 (1st Quarter)

Chairman Holmes: Are we tracking below goal in comparison for the quarter of the rest of the year? ED Rose: As long as CCLBA maintains a positive fund balance with the County, continue to have cash flow come in, and maintain expenses CCLBA will be able to continue to make payroll operate.

By June, CCLBA will have a better sense of the acquiring/selling season along with receiving homes through the tax sale process to better determine CCLBA's revenues.

Chairman Holmes: If a course of correction is needed, would this be the time to do it? ED, Rose: Yes, this would be the time to make corrections, however, CCLBA has already collected enough revenue this year to cover CCLBA's expenses of approximately \$2.5 million which includes staff salaries, taxes, and property maintenance.

Director Ostenburg: On the next report, can you include a line to show the level of where CCLBA was last year at this point as a visualization benchmark. BM, Harper: Yes this addition can be added to the report.

Revenue by Type

Revenue by type details the total revenue for the year by funding type. Property Sales FY18 - \$2,532,628, Admin (Riverside Lawn-DPD) - \$169,521, BRP Reimbursement - \$322,733 along with Donation - \$7,500 equals a Total Revenue FY18 Q1 of \$2,539,638

Fiscal Year 2018 Expenses by Type

This chart reflects FY2018 Q1 expenses by object account.

Line of Credit

CCLBA is very happy to have this line of credit. CCLBA has purchased 95 percent of the acquired property via the line of credit.

Director Ostenburg: Are there any specific restrictions in place in terms of the line of credit? ED Rose: Yes, specifically acquisitions of property for CCLBA. Director Ostenburg: What



about ancillary aspects of the purchase? ED Rose: It's all rolled up into the HUD1; the purchase, the closing costs, the transactions cost, and the survey.

IV. Consent Agenda

Director Ostenburg, seconded by Director Holmes, moved to approve the consent agenda which includes December 7, 2017 Finance Committee meeting minutes of the Cook County Land Bank Authority. **The motion carried unanimously.**

V. Chairman's Report (Calvin Holmes)

Finance Committee will work with BM, Cassidy Harper to add some more analytical metrics to the financial reporting. Special project for Cassidy to compare CCLBA's performance with other land bank that are similar in size, business lines, and activity to get a sense on ways to continue to make CCLBA more effective and productive.

VII. Adjournment

Director Ostenburg, seconded by Director Holmes, moved to adjourn and the meeting was adjourned. The motion carried unanimously

Respectfully submitted, Board of Directors of the Cook County Land Bank Authority

Calvin Holmes, Chairman, Finance Committee